1992

Budget Process. Welfare. Procedural and Substantive Changes.

165 Budget Process. Welfare. Procedural and Substantive Changes. Initiative Constitutional Amendment and Statute.

Official Title and Summary Prepared by the Attorney General

BUDGET PROCESS. WELFARE. PROCEDURAL AND SUBSTANTIVE CHANGES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

- Amends Constitution to allow Governor to declare "fiscal emergency" when budget not adopted or deficit exceeds specified percentages. Grants Governor, with restrictions, powers to reduce expenditures to balance budget including state salaries but not education (Proposition 98).
- Amends statutes to eliminate or limit automatic cost of living adjustments in specified welfare programs.
- Reduces AFDC by 10%, then 15% after six months on aid. Limits aid for new residents. Provides teenage recipients school attendance incentives.
- Gives counties discretion to set general assistance.
- Implements as federal law permits. Other provisions.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Potential state savings, or costs of up to several hundred million or billions of dollars in some years, depending on the budget situation.
- Annual savings of about $680 million to the state General Fund and $35 million to counties, due to changes in the Aid to Families with Dependent Children (AFDC) Program. The savings are due primarily to grant reductions. Savings in years beyond 1993–94 could increase by an unknown, but potentially significant, amount, due to the effect of certain provisions.
- Potential annual savings beginning in 1996–97—up to several hundred million dollars to the state and several million dollars to counties—due to elimination of automatic cost of living adjustments in the AFDC Program and the Supplemental Security Income/State Supplementary Program (SSI/SSP).
- Unknown annual savings to counties—probably over $75 million and potentially several hundred million dollars—due to payment limits and funding discretion in general assistance (GA) programs. These savings would be partly offset by additional GA costs of up to $30 million annually, due to the effects of the measure's AFDC provisions.

Analysis by the Legislative Analyst

This measure makes significant changes in (1) the state's budget process and (2) public assistance programs. The proposed changes in these two areas are discussed separately below.

STATE BUDGET PROCESS

Background

The California Constitution requires the state to have an annual budget. The budget authorizes most of the state's spending, including payments to public schools and local governments, and health and welfare benefits for needy individuals.

How a Budget Becomes Law. By January 10 of each year, the Governor must submit to the Legislature a balanced budget proposal for the next fiscal year starting July 1. The budget proposal must include specific spending amounts and identify the revenues needed to pay for that spending. The Constitution requires the Legislature to pass a budget bill by June 15. To pass a budget, two-thirds of the members of each house of the Legislature (the Senate and the Assembly) must vote for it.

Just as with other bills, the budget passed by the Legislature becomes law if the Governor signs it (or takes no action within 12 days). Normally, in signing the budget the Governor reduces or eliminates some individual spending items (these are known as "line-item vetoes"). Alternatively, the Governor may veto the entire budget. In either case, the Legislature can "override" the Governor's veto by a two-thirds vote.

Budget Delays. When the state starts the new fiscal year on July 1 without an enacted budget, there generally is no authority for the state to spend money. However, spending for some programs may continue if other laws or the State Constitution permit that spending. For example, state and federal laws guarantee certain welfare benefits to eligible persons. The courts have required the state to continue to pay these benefits even without a budget.

Proposal

This measure changes the state's budget process in several ways and increases the Governor's control over state spending. It contains the following specific constitutional changes:

Delays Date for Governor's Budget Proposal. The measure changes the deadline for the Governor to submit his or her budget proposal to the Legislature from January 10 to March 1.

Late Budget Forfeits Salaries and Expenses. Under the measure, the Governor and members of the Legislature would not be paid if the Legislature fails to pass a budget by June 15. Specifically, it prohibits the payment of salaries and expenses for the period between June 15 and the time that the budget becomes law.

Late Budget Allows Governor to Continue Prior-Year Budget. The measure allows the Governor to declare a "fiscal emergency" if the budget is not *signed* by July 1. In that case, the prior-year budget continues as the state's working budget until a new one becomes law. Spending amounts in the prior-year budget, however, would automatically increase if more money is needed for the following purposes:

- State payments to public schools and community colleges required by the Constitution.
- Payments to local governments for revenue lost due to the homeowners' property tax exemption.
- Payments to local governments for the costs of programs required by the state.
- Payments on state bonds.

The measure also allows the Governor to make cuts to this working budget (except in the protected categories listed above) if necessary to balance expected spending and estimated revenues. These spending cuts would take effect after 30 days unless a new budget has become law by that time.

Governor May Cut Spending to Keep Budget Balanced. The measure also allows the Governor to make spending cuts *after* a budget becomes law. The Governor could make cuts if General Fund revenues fall short of estimates or spending runs ahead of estimates. Specifically, General Fund revenues *or* spending would have to be off from budget estimates by 3 percent or more (or spending *and* revenues each would have to be off from estimates by at least 1.5 percent). The Governor could not cut the protected spending categories listed earlier. The spending cuts would take effect after 30 days, unless the Legislature passes, and the Governor signs, alternative legislation to balance spending and revenues.

Eliminates Need for Law Changes to Make Certain Cuts. This measure allows the Governor to make some spending cuts that now require passing a separate law. These cuts could include reductions in state public assistance programs, such as welfare grants and health benefits. The Governor also could reduce state employee salaries or work time by up to 5 percent, except for employees covered under a collective bargaining agreement (unless the agreement allows such reductions).

Governor's Approval for Budget-Related Legislation. The California Constitution allows enactment of laws (including the budget) without the Governor's signature in two ways. The Legislature may override a Governor's veto or the Governor may let a measure become law by taking no action. This measure appears to prevent the enactment of certain budget-related laws without the Governor's signature. Specifically, the enactment of a new budget after July 1 would require the Governor's signature if the Governor has declared a fiscal emergency. In addition, certain laws that would bring an enacted budget back into balance would need the Governor's approval. This would be true for any laws that would enact alternative budget solutions after the Governor had proposed his or her own budget-balancing cuts.

Fiscal Effect

The provisions related to late budgets could result in either costs or savings to the state. The impact in any year could be up to hundreds of millions or billions of dollars, depending on the circumstances. On the one hand, there would be savings to the extent cuts proposed by the Governor to the working budget took effect, including those cuts that cannot be made now without passing a new law. On the other hand, extending the prior-year budget could increase state spending. State agencies could continue spending at prior-year levels even if the Legislature would not have approved that spending in a new budget.

Savings of up to billions of dollars to the state's General Fund also could occur in any year in which the Governor makes cuts to an enacted budget. The Governor now can require state agencies to reduce some types of spending after the budget becomes law. This measure, however, allows the Governor to cut additional types of spending that now can only be cut by enacting new laws.

The measure also could result in up to several hundred thousand dollars of General Fund savings for the salaries and expenses of legislators and the Governor in any year in which a budget is not passed on time.

PUBLIC ASSISTANCE PROGRAMS

The following section is based on the laws in effect at the time this analysis was prepared (which was prior to enactment of a budget for 1992–93).

Background

The federal, state, and local governments provide a variety of public assistance programs to low-income persons and families.

Aid to Families with Dependent Children-Family Group (AFDC-FG) and AFDC-Unemployed Parent (AFDC-U). The AFDC-FG and U programs provide cash grants to families and children whose incomes are not adequate to provide for their basic needs. Families are eligible for grants under this program if they have a child who is financially needy due to the death, incapacity, continued absence, or unemployment of one or both parents.

Monthly AFDC grants are based on a "need standard" specified in state law. The grant is determined by subtracting the recipient's income (adjusted for certain allowable deductions) from the need standard. The amount of the grant, however, cannot exceed a maximum aid payment (MAP), which is also specified in state law. For example, the need standard for a family of three is $702 per month and the MAP is $663. Both the need standard and the MAP increase with family size.

The state and counties share responsibility for administering the AFDC Program. The state Department of Social Services (DSS) is responsible for oversight of the program. Each county welfare department is responsible for determining AFDC eligibility and calculating grant levels according to state and federal law. Funding for grants and county administration is shared by the federal, state, and county governments.

County General Assistance (GA). Under state law, each county has a responsibility to provide aid to financially needy county residents. (These are typically single persons who are not eligible for AFDC or other benefit programs.) Each county establishes standards for eligibility, the amount of the cash grant, and in some cases, "in-kind" support (such as housing) for GA recipients. Counties are responsible for funding the program.

Other Public Assistance Programs. Other programs affected by this measure include:

- *AFDC-Foster Care (AFDC-FC).* Children are eligible for grants under this program if they are living with a foster care provider. The federal, state, and county governments fund the program.
- *Supplemental Security Income/State Supplementary Program (SSI/SSP).* The SSI/SSP Program provides cash grants to low-income aged, blind, and disabled persons. The state and federal governments fund the program.

- *In-Home Supportive Services (IHSS).* The IHSS Program provides services to low-income aged, blind, and disabled persons who are unable to live safely in their own homes without assistance. The federal, state, and county governments fund the program.
- *California Medical Assistance Program (Medi-Cal).* The Medi-Cal Program provides health care services to persons eligible for AFDC and SSI/SSP and to certain other individuals who cannot afford to pay for these services. The federal and state governments fund the program.
- *Food Stamps.* The Food Stamps Program provides coupons for food items to low-income individuals. The federal government funds the costs of the coupons.

Proposal

The public assistance provisions of this measure make numerous statutory changes in the AFDC, SSI/SSP, IHSS, and GA programs. These changes also affect the Medi-Cal Program. Implementation of many of the changes to the AFDC Program requires the federal government to grant waivers of federal law. The DSS received all necessary waivers in mid-July. The waivers permit these changes for five years and are potentially renewable.

AFDC Program Changes

The measure proposes several changes to the AFDC-FG and U programs:

MAP Reductions. The measure reduces the MAPs by 10 percent. Currently, the MAP ranges from $326 for a one-person "assistance unit" to $1,403 for a family of 10 or more persons.

The measure reduces the MAPs by an *additional* 15 percent after a family (1) has been on aid for more than 6 months or (2) went off aid after 6 months and returned to the program within 24 months. (This additional reduction would not occur in certain cases—for example, if the parents in the home are disabled and on SSI/SSP or IHSS.)

The MAP reductions would affect most AFDC recipients—that is, those who do not have any employment income or who work part-time and earn relatively little per month. Because the measure would not reduce the need standard, however, AFDC families could compensate for the grant reductions if they were to earn enough additional money to offset the reductions.

MAP Adjustments. Currently, the MAP can be changed only by enacting a law. If the Budget Act appropriation is less than the amount needed to fully fund the MAP for all eligible persons, additional funds must be provided later in the year.

This measure provides that the MAP is to be adjusted based on the state's annual Budget Act appropriation and projected AFDC caseload, as estimated by the DSS. Thus, the measure would permit the Legislature, or the Governor by using his or her veto (subject to an override vote by the Legislature), to appropriate an amount for the AFDC Program that results in MAPs *below* the levels provided in law. In this way, the MAP could be changed through the budget process rather than a change in existing law.

Maximum Family Grant. The measure provides that, in determining a family's MAP (but not the need standard), any children conceived while a family is on aid are not counted. This provision would have the effect of "freezing" the grant payment at a given family size.

Pregnant Women. The state currently provides three pregnancy-related AFDC benefits:

- The "state-only" AFDC-FG Program provides grants to pregnant women without children during the first six months of pregnancy.
- The state participates in the federally assisted AFDC Program for pregnant women without children who are in their last three months of pregnancy.
- Current law provides for a $70 monthly special need payment to pregnant women who are on AFDC or who will be eligible for AFDC when the child is born.

The measure eliminates all three benefits.

Residency Requirement. The measure provides that during their first 12 months of residence in California, AFDC applicants from other states are eligible for a grant based on the *lesser* of the grant they would receive using California's eligibility requirements or the MAP in their former state. Given California's grant levels relative to other states, this provision would reduce the grants for most new arrivals.

Teen Parents on AFDC. The measure makes the following changes with respect to teen parents who are on AFDC:

- ***Teen Parent's Residence.*** The measure requires parents under age 18 to remain in the home of a parent, legal guardian, or adult relative, or in certain other living arrangements, in order to receive AFDC. The measure also provides that, where possible, the adult is to receive the aid on behalf of the teen parent. The measure includes exceptions under which the teen could maintain a separate residence.
- ***Cal Learn Program.*** The measure creates the Cal Learn Program for AFDC parents under age 19 who attend high school. If these parents have no more than two unexcused absences and four total absences per month, they would have their AFDC grant *increased* by $50. If they have more than two unexcused absences per month, they would have their AFDC grant *reduced* by $50. Otherwise, their grant would remain unchanged. The program would provide child care needed to attend school. The Cal Learn Program would be implemented only if federal funds were available.

Trigger Reduction. Under current law, a "trigger reduction" of up to 4 percent is applied to most state programs during years when General Fund revenue growth is relatively low. Existing law also limits any trigger reductions in certain programs—including AFDC—to the lesser of 4 percent or the program's cost-of-living adjustment (COLA). This measure *deletes* the COLA-related provision for the AFDC Program.

Cost-of-Living Adjustments (COLAs)

The measure eliminates automatic COLAs for the AFDC-FG and U maximum grants, SSI/SSP payments, and IHSS benefits. Current law eliminates these COLAs through 1995–96 for AFDC and through 1996 for SSI/SSP.

The measure also limits AFDC-FC group home COLAs to the availability of funds in 1992–93 and 1993–94.

County General Assistance Programs

The measure limits the level of GA to the AFDC grant for a family of the corresponding size. The measure also gives county boards of supervisors "sole discretion" to set the level of assistance, considering the availability of funds for such aid and the projected caseload. Currently, counties must provide some level of assistance. These assistance levels vary by county.

Fiscal Effects

AFDC Program. The AFDC grant reductions (10 percent, additional 15 percent, residency requirement, maximum family grant), elimination of pregnancy-related programs, and the teen parent provisions would result in major public sector savings. There would be part-year savings in 1992–93 and full-year savings, beginning in 1993–94, of about $1.4 billion annually (after accounting for administrative costs). These savings would be primarily to the state General Fund ($680 million) and federal funds ($685 million), but also to counties ($35 million). Almost 90 percent of the General Fund savings are due to the 10 percent and 15 percent grant reductions.

In addition, savings from the maximum family grant provision would increase annually by an unknown, but potentially significant, amount as a larger proportion of the caseload is affected. These savings would increase from $55 million (all funds) in 1993–94 to several hundred million dollars annually in about 10 years.

The AFDC savings resulting from this measure would increase or decrease annually for changes in the number of program recipients.

MAP Adjustment. The provision that would adjust MAPs based on the Budget Act appropriation and projected caseload could result in state, federal, and county savings. This would happen in any year the appropriation for AFDC grants is inadequate to fund the statutory MAP levels, thereby resulting in a lower MAP. These savings are unknown but potentially significant.

Trigger Adjustment. Deleting the statutory provision that *limits* the "trigger reduction" for the AFDC Program to the lesser of 4 percent or the program's COLA (currently set at zero) would have the effect of applying the trigger reduction to the program. Thus, the measure could result in a reduction in the AFDC appropriation of up to 4 percent, for a potential savings of up to $240 million ($114 million General Fund, $120 million federal funds, $6 million county funds). These savings would only occur in years when General Fund revenue growth was relatively low.

COLAs. Elimination of automatic AFDC COLAs beginning in 1996–97 would result in unknown savings. If the COLA were 3.5 percent (the 1993–94 estimated inflation index for these programs), the savings would be about $220 million ($105 million General Fund, $110 million federal funds, and $5 million county funds) in 1996–97. These savings could grow by a comparable amount each year.

Elimination of automatic state SSI/SSP COLAs beginning in calendar year 1997 also would generate savings. If the COLA were 3.5 percent, the savings could be up to $320 million to the General Fund in calendar year 1997. These savings also could grow by comparable amounts annually.

The provision eliminating the COLA for the IHSS Program would result in full-year savings of about $3.7 million ($2.4 million General Fund and $1.3 million county funds) in 1993–94, increasing by comparable amounts annually.

Actual savings from elimination of the automatic COLAs would be less than the amounts above to the extent that grants were otherwise adjusted for the effects of inflation.

The provision limiting the AFDC-FC group home rate adjustment to "available funds" would result in 1993–94 savings of up to $18 million ($5.8 million General Fund, $8.7 million federal funds, and $3.9 million county funds).

Public Education. The measure could result in General Fund costs to provide aid to school districts, potentially in the tens of millions of dollars annually. The impact would depend on the effect of the Cal Learn Program on school attendance by teen parents. In addition, local school districts would incur unknown costs, possibly more than $1 million annually, to track and report attendance of teen parents affected by the measure.

Medi-Cal Program. The measure could affect the Medi-Cal Program because the AFDC MAP is the basis for determining Medi-Cal eligibility for "medically needy" beneficiaries. These are individuals or families who are not receiving AFDC or SSI/SSP but who can become eligible for Medi-Cal if their medical expenses are relatively high.

Depending on the interpretation of current law regarding AFDC MAP reductions, the measure could result in annual net General Fund savings or have no impact on the Medi-Cal Program. Based on a review of current law, we estimate that the AFDC MAP reductions probably would have no fiscal effect on the Medi-Cal Program.

County GA Programs. Limiting general assistance to the maximum AFDC grants would result in savings to those counties that otherwise would have had general assistance benefits above these grant levels. These savings probably would be about $75 million to $100 million annually.

The net savings would be higher (potentially in the hundreds of millions of dollars) if many counties choose to reduce significantly their GA programs below the maximum assistance levels. (As a reference, counties spent over $400 million for GA grants and aid in 1991–92.)

The measure would also result in costs of up to $30 million annually to the counties, due to GA caseload increases resulting from the measure's provisions eliminating AFDC benefits to pregnant women. (These individuals would lose their AFDC eligibility and would therefore be eligible for GA.)

Food Stamps Program. We estimate that the AFDC and GA cash grant reductions would increase the amount of federally funded food stamps for recipients by more than $300 million annually. This would occur because these grants are counted as income for purposes of determining a recipient's monthly food stamps allocation.

Indirect and Other Fiscal Effects. This measure could have a variety of indirect and other fiscal effects, including the following:

- The grant reductions could lead recipients to increase their work effort, resulting in potentially significant long-term savings.
- If the grant reductions are not offset by an increase in earnings from employment or other income sources, the income loss could result in increased demand for certain public services, such as health care and foster care.
- The grant reductions could cause more recipients to become homeless, thereby potentially becoming eligible for AFDC homeless assistance benefits.

We are unable to estimate these fiscal effects.

Federal Funds. We estimate that the measure's provisions would result in a net reduction of about $400 million annually (full-year effect beginning in 1993–94) in federal funds allocated to California. The net loss of federal funds to the state's economy would, over time, result in lower levels of personal spending and incomes, and an unknown reduction in state tax revenues.

For text of Proposition 165 see page 72

165 Budget Process. Welfare. Procedural and Substantive Changes. Initiative Constitutional Amendment and Statute.

Argument in Favor of Proposition 165

California's budget is out of control!

THIS YEAR CALIFORNIA WAS FORCED TO ISSUE IOU'S. NOT BECAUSE IT'S TAXING TOO LITTLE BUT BECAUSE IT'S SPENDING TOO MUCH—TOO MUCH ON THE WRONG THINGS. "Automatic" increases in spending for public assistance crowd out funding for schools, lowering California's bond rating, costing taxpayers millions.

By the year 2000, welfare related spending will crowd out colleges, prisons, and every function except schools. And without huge annual tax increases, it will even hurt schools.

Higher taxes are driving jobs and taxpayers out of state. WITHOUT IMMEDIATE REFORM, CALIFORNIA WILL HAVE MORE TAX USERS THAN TAXPAYERS BY 1995.

Welfare-related spending is now our second largest budget item and keeps climbing. Welfare rolls are growing four times faster than our population.

CALIFORNIA HAS 12% OF AMERICA'S POPULATION, BUT PAYS 26% OF WELFARE COSTS PAID BY ALL STATES NATIONWIDE.

Why? California is one of the most generous welfare states in America. WE PAY WELFARE RECIPIENTS *NEARLY TWICE* THE AVERAGE PAID BY OTHER LARGE STATES. Between 1978 and 1988, CALIFORNIA WELFARE PAYMENTS GREW NEARLY TWICE AS FAST AS REAL FAMILY INCOME.

Is that fair to *your* family? How much more in taxes can you afford?

Opponents claim welfare payments are still too low but fail to include food stamps, health care, and benefits in their analysis. THE AVERAGE WELFARE RECIPIENT WOULD NEED A JOB PAYING $1,400 PER MONTH TO EARN MORE WORKING THAN STAYING ON WELFARE. No wonder people move to California to collect welfare.

Automatic welfare increases aren't the only problem. Budget stalemates and legislators who can't say no cost Californians billions.

Proposition 165 reforms the budget process:

- Docks Governor's and Legislators' pay when they fail to balance the budget on time.
- Gives our Governor similar "last resort" budget-balancing tools governors in 44 other states already have. THE GOVERNOR CAN'T RAISE TAXES OR CUT EDUCATION. ALL HIS ACTIONS ARE SUBJECT TO LEGISLATIVE OVERRIDE.

Proposition 165 reforms welfare:

- New state residents would receive no more in welfare here than in their home state, to end California's status as a welfare magnet.
- Cash grants would be lowered 10%, and an additional 15% for long-term able-bodied recipients, still leaving California as one of the most generous states in the nation, but reducing incentive to stay on welfare. The greater reduction for long-term able-bodied recipients MOVES WELFARE BACK TOWARDS ITS ORIGINAL PURPOSE AS A *TEMPORARY SAFETY NET*, NOT A PERMANENT WAY OF LIFE. When increased food stamps are considered, welfare recipients could replace their entire cut by working just 6.4 hours per week.
- Recipients will no longer receive additional cash for having additional children after going on welfare, although they will receive medical benefits and food stamps for the additional child.
- PROPOSITION 165 PROTECTS EDUCATION AND OUR KIDS' FUTURE.

Join the California Taxpayers Association, Howard Jarvis Taxpayers Association, California Chamber of Commerce, and over one million Californians who've given their name to support Proposition 165.

PETE WILSON
Governor
State of California

JOEL FOX
President
Howard Jarvis Taxpayers Association

MAUREEN DIMARCO
Secretary of Child Development and Education
State of California

Rebuttal to Argument in Favor of Proposition 165

We usually learn the hidden consequences of ballot measures after it's too late. We can't let that happen with 165.

UNPRECEDENTED POWERS

Promoters say the legislature can overrule the Governor's new powers. Actually, Section 5, paragraph 12.5 says the Governor *must personally approve* any override attempt.

Promoters say 44 other Governors have the same power. **Actually, no Governor has 165's unrestrained ability** to act without legislative or court review.

Promoters say 165 won't hurt education. This year the Governor tried to cut school funding $2.3 billion. Under Section 5, paragraph 12.2 **no one could stop any Governor** from making such cuts.

NOT REFORM

Promoters say 165 reforms welfare. But real reform would include job creation, training and child care and would deal with welfare fraud. 165 doesn't.

Promoters say families on welfare receive the equivalent of $1,400 monthly. Actually, the average mother with two young children gets $663 a month and $142 in food stamps.

What promoters **don't** tell you is that 165 also raises health costs for working families and aged, blind and disabled, makes it tougher for elderly to avoid premature placement in nursing homes and cuts foster home funding.

NOT THE ANSWER

165 doesn't answer our fiscal crisis. Most 165 cuts come from poor families with young children (AFDC). That entire program accounts for just 6% of the state budget.

TELL THE POLITICIANS YOU DON'T LIKE THE HIDDEN CONSEQUENCES IN THEIR BALLOT MEASURE.

NO ON 165

MARILYN ERICKSEN
Executive Director, California Child, Youth & Family Coalition

GLORIA BLACKWELL
President, California State Parent Teacher Association (PTA)

GORDON A. KOOLMAN
President, California Association of Highway Patrolmen

 Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Budget Process. Welfare. Procedural and Substantive Changes. Initiative Constitutional Amendment and Statute. 165

Argument Against Proposition 165

Don't be misled.

Proposition 165 will NOT do what its backers claim.

They claim 165 is welfare "reform". But it really is a giant step backward that inflicts new hardships on our most vulnerable children, elderly and disabled.

They claim 165 is budget "reform". But buried within 165's long, complex provisions is a constitutional power grab giving this or any future Governor dangerous and unprecedented new powers.

ATTACKING POOR CHILDREN, THE ELDERLY AND DISABLED

Proposition 165 attempts to exploit public concern over welfare by including a few provisions designed to appeal to voters. But these provisions fail to mask 165's constitutional power grab and punitive attacks on those who need help the most.

Read 165 carefully. Underneath all the rhetoric, you'll find that:

- 165 WON'T PUT WELFARE RECIPIENTS TO WORK. 165 imposes no new work requirement on welfare recipients and offers them no new help in getting a job. It simply punishes everyone who can't find work. No child care for single mothers. No job training or placement. No jobs. Just a 25% cut.
- 165 HURTS THOSE WHO NEED HELP THE MOST. 165 eliminates cost of living increases for foster homes, and for needy aged, blind and disabled Californians who have nowhere else to turn. And it makes access to Medi-Cal more difficult for the working poor and seniors who need nursing home care.
- 165 WON'T REDUCE WELFARE FRAUD AND WASTE. Look for yourself. You will not find a single provision eliminating fraud or making welfare administration more efficient.

HOW THE POWER GRAB WORKS

165 allows the Governor to unilaterally declare emergencies under conditions of his own making.

Under 165, FISCAL EMERGENCIES WOULD NOT JUST HAPPEN, THEY COULD BE MADE TO HAPPEN. If the Governor's own political appointees overestimate revenues by just 3% the Governor can declare an emergency. Or if the Governor prevents the state budget from being adopted on time by refusing to work toward consensus, he can declare an emergency.

After declaring an emergency, THE GOVERNOR CAN REDUCE VIRTUALLY *ANY* STATE SUPPORTED SERVICE BY *ANY* AMOUNT.

Every service not protected by the constitution is at risk:

- Enforcement of laws protecting consumers, the environment and workers on the job.
- Higher education and schools beyond the minimum Proposition 98 guarantee.
- Fighting AIDS and providing essential health services.
- Homecare and other services for the disabled and elderly.
- Funds to local government for trial courts, health care and children's services.

Once funding is cut, NEITHER THE LEGISLATURE NOR THE COURTS CAN OVERTURN THE GOVERNOR. Under 165 the Governor's action can be overturned *only if the Governor agrees.*

A Governor intent on controlling the state could coerce the legislature, regulatory agencies and even local governments into submission merely by *threatening* to use the arbitrary, unrestrained powers granted by Proposition 165.

165 OVERTURNS THE CONSTITUTIONAL CHECKS AND BALANCES WE RELY ON TO PROTECT OUR FREEDOM.

NO ONE PERSON SHOULD HAVE THIS MUCH UNRESTRAINED POWER. EVER.

PLEASE JOIN WITH US TO DEFEAT THIS DANGEROUS AND HURTFUL POWER GRAB.

VOTE NO ON PROPOSITION 165.

ROBYN C. PRUD'HOMME-BAUER
President, League of Women Voters of California

REVEREND LES L. SAUER
Executive Committee, California Council of Churches

JOHN F. ALLARD
Board Member, National Council of Senior Citizens

Rebuttal to Argument Against Proposition 165

Consider who's opposing Proposition 165: public employee unions, the welfare lobby and special interests who benefit from higher taxes and more government spending.

They're not concerned with your rights as taxpayers.

They're saying, "Be happy with the way welfare works now."

Some are even suing our state to double California's already very high welfare grant.

They're not concerned with power grabs—they're really concerned about their own spending programs.

PROP 165 LEAVES ALL CONSTITUTIONAL CHECKS AND BALANCES IN PLACE:

- Gives Governor "last resort" budget-balancing authority similar to Governors in 44 other states, and then only if legislators fail to balance the budget.
- EXEMPTS SCHOOLS FROM CUTS.
- GIVES GOVERNOR *NO* POWER TO RAISE TAXES.
- LEGISLATURE *CAN* OVERRIDE HIM.
- THE COURTS' POWERS REMAIN UNCHANGED.

PROP 165:

- Restructures the system so it pays to get a job rather than just collect welfare.
- Complements *already existing* job training and child care programs for welfare mothers.
- Offers teenage welfare mothers child care and cash incentives to stay in school.
- Has *no* effect on costs or access to health care for poor children, elderly and disabled.

OPPONENTS CLAIM A 25% WELFARE CUT, BUT WHEN ADDITIONAL FOOD STAMPS ARE CONSIDERED, THE CUT IS ONLY 11% — AND WE'LL STILL BE PAYING AMONG THE HIGHEST GRANTS IN AMERICA.

Prop 165 stops automatic increases in spending and taxes, avoids Washington-style deficits for California, protects education, and saves millions by forcing politicians to pass a budget on time, or permanently forfeit their salary every day they're late.

RUSSELL S. GOULD
Secretary of Health and Welfare
State of California

INGRID AZVEDO
Former Chair
Federal Council on Aging

JOHN A. ARGUELLES
Retired Justice
California Supreme Court

Proposition 164: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds a section to the Elections Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

THE CALIFORNIA TERM LIMITATIONS ACT OF 1992

SECTION ONE. TITLE. This act shall be known and may be cited as "The California Term Limitations Act of 1992."

SECTION TWO. FINDINGS AND DECLARATIONS. The People of the State of California hereby find and declare as follows:

(a) Federal officeholders who remain in office for extended periods of time become preoccupied with their own reelection and for that reason devote more effort to campaigning for their office than making legislative decisions for the benefit of the People of California.

(b) Federal officeholders have become too closely aligned with the special interest groups who provide contributions and support for their reelection campaigns, give them special favors, and lobby the House of Representatives and Senate for special interest legislation, all of which create corruption or the appearance of corruption of the legislative system.

(c) Entrenched incumbency has discouraged qualified citizens from seeking office and has led to a lack of competitiveness and a decline in robust debate on issues of importance to the People of California.

(d) Due to the appearance of corruption and the lack of competition for the legislative seats held by entrenched incumbents, there has been a reduction in voter participation which is counter-productive in a representative democracy.

(e) The citizens of this state have a compelling interest in preventing corruption and the appearance of corruption by limiting the number of terms which any Senator or Representative representing the People of this state may serve.

(f) The citizens of this state have a compelling interest in preserving the integrity of the ballot by promoting competitive elections and limiting the influence of special interests upon entrenched incumbent legislators.

(g) The citizens of this state have a compelling interest in voting for the candidate or candidates of their choice, and in standing for and holding elective office, and in preventing the perpetual monopolization of elective offices by incumbents.

(h) The citizens of this state have a compelling interest in extending the equal protection of the laws by ensuring that more of the People of this state have an equal opportunity to stand for and hold elective office.

SECTION THREE. PURPOSE AND INTENT. The People of the State of California declare their purpose and intent in enacting this legislation to be as follows:

(a) To promote, protect, and defend the compelling interest of the citizens of this state in preventing corruption and the appearance of corruption among the federal legislative representatives of this state by limiting the number of terms in which any Senator or Representative may hold his or her office.

(b) To promote, protect, and defend the compelling interest of the citizens of this state in preserving the integrity of the ballot by ensuring, to the greatest extent permitted by law, competitive elections without the corrupting influences of special interests upon entrenched incumbents.

(c) To promote, protect and defend the right of the citizens of this state, guaranteed by the First Amendment to the United States Constitution, to vote for the candidates of their choice, and to stand for and hold elective office, by curtailing the effects of entrenched incumbency and freely permitting write-in candidacies.

(d) To promote, protect, and defend the right of the citizens of this state to equal protection of the laws, guaranteed by the Fourteenth Amendment to the United States Constitution, by giving more of the citizens of this state the opportunity to stand for and hold elective office.

SECTION FOUR. LIMITATION ON BALLOT ACCESS BY FEDERAL LEGISLATIVE CANDIDATES. Section 25003 is hereby added to the California Elections Code to read as follows:

25003. (a) FEDERAL LEGISLATIVE CANDIDATES; BALLOT ACCESS. Notwithstanding any other provision of law, the Secretary of State, or other election official authorized by law, shall not accept or verify the signatures on any nomination paper for any person, nor shall he or she certify or place on the list of certified candidates, nor print or cause to be printed on any ballot, ballot pamphlet, sample ballot, or ballot label the name of any person, who does either of the following:

(1) Seeks to become a candidate for a seat in the United States House of Representatives, and who, by the end of the then current term of office will have served, or but for resignation would have served, as a member of the United States House of Representatives representing any portion or district of the State of California during six or more of the previous eleven years;

(2) Seeks to become a candidate for a seat in the United States Senate, and who, by the end of the then current term of office will have served, or but for resignation would have served, as a member of the United States Senate representing the State of California during twelve or more of the previous seventeen years.

(b) "WRITE-IN" CANDIDACIES. Nothing in this section shall be construed as preventing or prohibiting any qualified voter of this state from casting a ballot for any person by writing the name of that person on the ballot, or from having such a ballot counted or tabulated, nor shall any provision of this section be construed as preventing or prohibiting any person from standing or campaigning for any elective office by means of a "write-in" campaign.

(c) CONSTRUCTION. Nothing in this section shall be construed as preventing or prohibiting the name of any person from appearing on the ballot at any direct primary or general election unless that person is specifically prohibited from doing so by the provisions of subdivision (a), and to that end the provisions of subdivision (a) shall be strictly construed.

SECTION FIVE. APPLICATION. This act shall take effect and be applicable to federal legislative candidates whose terms of office begin on or after January 1, 1993. Service prior to January 1, 1993 shall not be counted for the purpose of this act.

SECTION SIX. SEVERABILITY. If any provision of this act shall be held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, such invalidity or unconstitutionality shall not affect the other provisions of this act, and to that end the provisions of this act are severable.

Proposition 165: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure expressly amends the Constitution by amending and adding sections thereto, and amends, repeals, and adds sections to the Welfare and Institutions Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

GOVERNMENT ACCOUNTABILITY AND TAXPAYER PROTECTION ACT OF 1992

SECTION 1. This initiative measure shall be known and may be cited as the Government Accountability and Taxpayer Protection Act of 1992.

SECTION 2. Despite repeated attempts by the people to limit the size of government programs, the public sector continues to grow faster than our ability to pay for it. California's taxpayers must now work well into the fifth month of the year to earn enough income to pay all our taxes.

This is a burden that can only become more and more onerous. The reasons why are autopilot spending programs, or entitlements—the prime engine driving California's perennial overspending.

California's fiscal imbalance is also reflected by a growing social imbalance. In the past few years, welfare caseloads have escalated at a growth rate four times faster than our general population.

While California's tax-receivers grow quickly in numbers, California taxpayers are starting to flee our State. This leaves California with proportionally fewer taxpayers, and State government in a perpetual budget crisis. No matter how robust our economy becomes, the State will not be able to finance existing programs at current levels with projected tax revenues.

This is why welfare reform and budget reform are one and the same. The State's fiscal future is in jeopardy and reforms of the budget process, including reform of significant programs of public expenditure which have heretofore mandated automatic increases without regard to the capacity of the State fisc, must be adopted immediately.

We are willing to finance essential services. We believe that the State has a responsibility to look after the welfare of individuals in need. But we declare that every citizen also has an obligation to do their best to contribute to the welfare of society.

Nearly 77 percent of the State general fund budget is spent on primary and secondary education, and health and welfare programs. While education accounts for 44.9 percent of that budget, an existing constitutional initiative (Proposition 98) prohibits any substantial reduction in educational funding.

The existing budget process is not designed to reduce spending; there is no expeditious mechanism for correcting spending during the fiscal year when revenue projections are not met or caseload growth exceeds projections.

The people believe it is time to take our destiny in our own hands.

In order to restore accountability to our government, we the people further find that it is necessary to reform the budget process and the welfare system and do hereby enact The Government Accountability and Taxpayer Protection Act of 1992.

SECTION 3. Section 31 of Article I of the California Constitution is added, to read:

SEC. 31. The people of the State of California find and declare that limiting the tax burden and reducing the size and cost of government are matters of statewide concern and that substantial reform of the State's budget process, including addressing major automatic spending requirements, is necessary.

The rapidly rising costs of public assistance must be controlled if overall government spending is to be reduced. Public assistance is not a fundamental right; it is a benefit dependent upon eligibility and compliance with reasonable

regulations designed to minimize the burden upon taxpayers.

The present open-ended welfare system and the comparatively high level of California's grants encourage intergenerational welfare dependency, provide a strong disincentive against recipients seeking employment, and promote disintegration of the family.

Welfare was designed and intended primarily as a safety net to provide emergency aid for a limited time. Welfare must be returned to its proper role as a transition to gainful employment and self-determination and must include an element of mutual obligation between government and the recipient.

To accomplish these goals, the California welfare system must be substantially restructured to put less emphasis on unconditional public aid and more emphasis on values fundamental to a free society: personal responsibility, self-sufficiency, employment, and family.

SECTION 4. Section 12 of Article IV, of the California Constitution is amended, to read:

SEC. 12. (a) ~~Within the first 10 days of each calendar year, the~~ *The* Governor shall , *by March 1 of each calendar year,* submit to the Legislature, with an explanatory message, a budget for the ensuing fiscal year containing itemized statements for recommended State expenditures and estimated State revenues. If recommended expenditures exceed estimated revenues, the Governor shall recommend the sources from which the additional revenues ~~should~~ *shall* be provided.

(b) The Governor and the Governor-elect may require a State agency, officer or employee to furnish whatever information is deemed necessary to prepare the budget.

(c) The budget shall be accompanied by a budget bill itemizing recommended expenditures. The bill shall be introduced immediately in each house by the persons chairing the committees that consider appropriations. The Legislature shall pass the budget bill by midnight on June 15 of each year. Until the budget bill has been enacted, the Legislature shall not send to the Governor for consideration any bill appropriating funds for expenditure during the fiscal year for which the budget bill is to be enacted, except emergency bills recommended by the Governor or appropriations for the salaries and expenses of the Legislature. *Notwithstanding Article III, Section 4, Article IV, Section 4, if the Legislature fails to pass a budget bill by June 15, the Governor and the members of the Legislature shall forfeit all salary, travel expenses, and living expenses until such time as a budget bill is passed and signed by the Governor. No compensation shall be paid retroactively to the Governor or the members of the Legislature for salary, travel expenses, and living expenses forfeited under the provisions of this section.*

(d) No bill except the budget bill may contain more than one item of appropriation, and that for one certain, expressed purpose. Appropriations from the General Fund of the State, except appropriations for the public schools, are void unless passed in each house by rollcall vote entered in the journal, two thirds of the membership concurring.

(e) The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all State agencies.

SECTION 5. Sections 12.2, 12.5 and 12.7 of Article IV of the California Constitution are added, to read:

SEC. 12.2. (a) Whenever the budget bill has not been passed and signed by July 1, the Governor may declare a state of fiscal emergency. When a fiscal emergency has been declared, the prior year budget, adjusted as required by Article XIII, Section 25, Article XIII B, Sections 6 and 8, Article XVI, Section 8, and State debt service, shall become the State's operational budget and shall remain in effect until the Legislature passes and the Governor signs a budget bill. In order to bring anticipated revenues and expenditures for the fiscal year into balance, the Governor may immediately propose reductions in any category of expenditure, including any State entitlement, except expenditures required by Article XIII, Section 25, Article XIII B, Sections 6 and 8, funding for education as provided in Article XVI, Section 8, and State debt service.

(b) Any reductions proposed under subdivision (a) shall become effective 30 days after the proposal is transmitted to the Legislature unless, prior to the end of the 30-day-calendar period, the Legislature passes the budget bill and the bill is signed by the Governor.

SEC. 12.5. (a) After the budget bill has been enacted, the Governor may declare a state of fiscal emergency and, in order to bring anticipated State General Fund revenues and expenditures for the fiscal year into balance, may reduce any category of expenditure, including any State entitlement, except expenditures protected by Article XIII, Section 25, Article XIII B, Sections 6 and 8, funding for education as provided in Article XVI, Section 8, and State debt service if at the end of any quarter:

(1) Cumulative fiscal year State General Fund cash receipts fall at least three percent (3%) below revenues as estimated by the Department of Finance upon enactment of the budget; or

(2) Cumulative fiscal year State General Fund expenditures exceed budgeted amounts by three percent (3%); or

(3) Cumulative fiscal year State General Fund cash receipts fall at least one and one-half percent (1½%) below revenues as estimated by the Department of Finance upon enactment of the budget and cumulative fiscal year expenditures exceed budgeted amounts by at least one and one-half percent (1½%).

For purposes of this provision, a quarter is any three month period ending September 30, December 31, or March 31.

(b) Any reduction proposed under subdivision (a) shall become effective 30 days after the proposal is transmitted to the Legislature unless, prior to the end of the 30-day-calendar period, the Legislature enacts in each house by rollcall vote entered in the journal, two thirds of the membership concurring, alternate legislation to bring anticipated revenues and expenditures for the fiscal year into balance and that legislation is signed by the Governor.

SEC. 12.7. (a) When a state of fiscal emergency has been declared pursuant to Sections 12.2 or 12.5, the Governor may, by Executive Order, reduce the salaries of State employees or furlough State employees, provided that the total reduction from such actions does not exceed five percent (5%) of an employee's salary in any pay period.

(b) The Governor may not reduce the salary of or furlough a State employee during the agreed upon term of a Memorandum of Understanding that has been negotiated pursuant to Chapter 10.3 (commencing with Section 3512), Division 4, Title 1 of the Government Code, which covers the terms and conditions of employment for such employee, unless the Memorandum of Understanding itself allows such actions to be taken by the Governor or his or her designee.

(c) The issuance of an Executive Order pursuant to subdivision (a) shall not be subject to Chapter 10.3 (commencing with Section 3512), Division 4, Title 1 of the Government Code or the provisions of any other State law governing salary setting for State officers and employees.

(d) As used in this section, the term "employee" or "State employee" includes those employees defined in Government Code Section 19815(d).

SECTION 6. Section 11254 of the Welfare and Institutions Code is added to read:

11254. (a) Subject to subdivision (b), in the case of any individual who is under the age of 18 and has never married, and who has a dependent child in his or her care:

(1) Such individual may receive aid under this chapter for the individual and such child, if otherwise eligible, only if such individual and child reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's or adult relative's own home, or reside in a foster home, maternity home, or other adult-supervised supportive living arrangement; and

(2) Such aid, where possible, shall be provided to the parent, legal guardian or other adult relative on behalf of such individual.

(b) Subdivision (a) does not apply in the case where:

(1) Such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

(2) No living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

(3) It is determined that the physical or emotional health or safety of such individual or child would be jeopardized if such individual and child lived in the same residence with such individual's own parent or legal guardian;

(4) Such individual lived apart from his or her parent or legal guardian for a period of at least one year before either the birth of any such child or the individual having made application for aid under this chapter; or

(5) It is determined in accordance with federal regulations that there is good cause for waiving the provisions of subdivision (a).

SECTION 7. Section 11450 of the Welfare and Institutions Code is amended, to read:

11450. (a) (1) *For the first six months that aid is paid,* ~~Aid~~ *aid* shall be paid for each needy family, which shall include all eligible brothers and sisters of each eligible applicant or recipient child and the parents of the children, but shall not include unborn children, or recipients of aid under Chapter 3 (commencing with Section 12000), qualified for aid under this chapter. In determining the amount of aid paid, the family's income, exclusive of any amounts considered exempt as income or paid pursuant to subdivision (e) or Section 11453.1 shall be deducted from the sum specified in Section 11452, as adjusted ~~for cost of living increases~~ pursuant to Section 11453 ~~and paragraph (2) of subdivision (a) of Section 11450/11496~~. In no case shall the amount of aid paid for each month exceed the sum specified in the following table, as adjusted ~~for cost of living increases~~ pursuant to Section ~~11453~~ *11453.05* ~~and paragraph (2) of subdivision (a) of Section 11450~~, plus any special needs, as specified in subdivisions ~~(c),~~ (e) ; and (f):

Number of eligible needy persons in the same home		Maximum aid
1	~~$ 326~~	*293*
2	~~535~~	*482*
3	~~663~~	*597*
4	~~788~~	*709*
5	~~899~~	*809*
6	~~1,010~~	*909*
7	~~1,100~~	*998*
8	~~1,200~~	*1,088*
9	~~1,306~~	*1,175*
10 ~~or more~~	~~1,403~~	*1,263*

Payments shall be made under this paragraph only when the family has not received aid under this section for a period of twenty-four (24) consecutive months prior to the first month of aid.

~~If, when, and during such times as the United States government increases or decreases its contributions in assistance of needy children in this state above or below the amount paid on July 1, 1972, the amounts specified in the above table shall be increased or decreased by an amount equal to that increase or decrease by the United States government, provided that no increase or decrease shall be subject to subsequent adjustment pursuant to Section 11453.~~

(2) After aid has been received for any six months pursuant to paragraph (1), the maximum aid for the seventh and subsequent months shall be reduced by 15 percent of the amounts specified in paragraph (1), as adjusted in accordance with Section 11453.05. This reduction shall not be applied to families in which all parents or other caretaker relatives living in the home are age 60 or over, or are disabled and receiving benefits pursuant to Section 12200 or Section 12300 or

where the caretaker is a non-needy non-parent relative, or, where all parents in the assistance unit are under the age of 19 and regularly attending school at the high school level or lower or an equivalent vocational or technical training program.

(b) For purposes of determining the maximum aid payment as specified in subdivision (a), the family size shall not be increased for a child who was conceived while either the father or the mother of the child was receiving aid under this section, until the family has not received aid under this section for a period of twenty-four (24) consecutive months.

(c) Notwithstanding the maximum aid payments as specified in subdivision (a), families who have resided in this state for less than twelve (12) months shall be paid an amount calculated in accordance with subdivision (a), but not to exceed the maximum aid payment that could have been received from the state of prior residence.

~~(2) The sums specified in paragraph (1) shall not be adjusted for cost/of/living for the 1990/91, 1991/92, 1992/93, 1993/94, 1994/95, and 1995/96 fiscal years, nor shall that amount be included in the base for calculating any cost/of/living increases for any fiscal year thereafter. Elimination of the cost/of/living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.~~

~~(b) When the family does not include a needy child qualified for aid under this chapter, aid shall be paid to a pregnant mother in the amount which would otherwise be paid to one person, as specified in subdivision (a), if the mother, and child if born, would have qualified for aid under this chapter. Verification of pregnancy shall be required as a condition of eligibility for aid under this subdivision.~~

~~(c) The amount of seventy dollars ($70) per month shall be paid to pregnant mothers qualified for aid under subdivision (a) or (b) to meet special needs resulting from pregnancy if the mother, and child, if born, would have qualified for aid under this chapter. County welfare departments shall refer all recipients of aid under this subdivision to a local provider of the Women, Infants and Children program. If that payment to pregnant mothers qualified for aid under subdivision (a) is considered income under federal law in the first five months of pregnancy, payments under this subdivision shall not apply to persons eligible under subdivision (a), except for the month in which birth is anticipated and for the three/month period immediately prior to the month in which delivery is anticipated, if the mother, and the child if born, would have qualified for aid under this chapter.~~

(d) For children receiving AFDC-FC under this chapter, there shall be paid, exclusive of any amount considered exempt as income, an amount of aid each month which, when added to the child's income, is equal to the rate specified in Section 11460, 11461, 11462, 11462.1, or 11463. In addition, the child shall be eligible for special needs, as specified in departmental regulations.

(e) In addition to the amounts payable under subdivision (a) and Section 11453.1, a family shall be entitled to receive an allowance for recurring special needs not common to a majority of recipients. These recurring special needs shall include, but not be limited to, special diets upon the recommendation of a physician for circumstances other than pregnancy, and unusual costs of transportation, laundry, housekeeping service, telephone, and utilities. The recurring special needs allowance for each family per month shall not exceed that amount resulting from multiplying the sum of ten dollars ($10) by the number of recipients in the family who are eligible for assistance.

(f) After a family has used all available liquid resources, both exempt and nonexempt, in excess of one hundred dollars ($100), the family shall also be entitled to receive an allowance for nonrecurring special needs.

(1) An allowance for nonrecurring special needs shall be granted for replacement of clothing and household equipment and for emergency housing needs other than those needs addressed by paragraph (2). These needs shall be caused by sudden and unusual circumstances beyond the control of the needy family. The department shall establish the allowance for each of the nonrecurring special need items. The sum of all nonrecurring special needs provided by this subdivision shall not exceed six hundred dollars ($600) per event.

(2) Homeless assistance is available to a homeless family seeking shelter when the family is eligible for aid under this chapter. Homeless assistance for temporary shelter is also available to homeless families which are apparently eligible for aid under this chapter. Apparent eligibility exists when evidence presented by the applicant or which is otherwise available to the county welfare department and the information provided on the application documents indicate that there would be eligibility for aid under this chapter if the evidence and information were verified. However, an alien applicant who does not provide verification of his or her eligible alien status, or a woman with no eligible children who does not provide medical verification of pregnancy, is not apparently eligible for purposes of this section.

A family is considered homeless, for the purpose of this section, when the family lacks a fixed and regular nighttime residence; or the family has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations; or the family is residing in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

(A) (i) A nonrecurring special need of thirty dollars ($30) a day shall be available to families for the costs of temporary shelter, subject to the requirements of this paragraph. County welfare departments may increase the daily amount available for temporary shelter to large families as necessary to secure the additional bed space needed by the family.

(ii) This special need shall be granted or denied immediately upon the family's application for homeless assistance, and benefits shall be available for up to three working days. The county welfare department shall verify the family's homelessness within the first three working days and if the family meets the criteria of questionable homelessness established by the department, the county welfare department shall refer the family to its early fraud prevention and detection unit, if the county has such a unit, for assistance in the verification of homelessness within this period.

(iii) After homelessness has been verified, the three-day limit shall be extended for a period of time which, when added to the initial benefits provided, does not exceed a total of 16 calendar days. This extension of benefits shall be done in increments of one week and shall be based upon searching for permanent housing which shall be documented on a housing search form; good cause; or other circumstances defined by the department. Documentation of housing search shall be required for the initial extension of benefits beyond the three-day limit and on a weekly basis thereafter as long as the family is receiving temporary shelter benefits. Good cause shall include, but is not limited to, situations in which the county welfare department has determined that the family, to the extent it is capable, has made a good faith but unsuccessful effort to secure permanent housing while receiving temporary shelter benefits.

(B) A nonrecurring special need for permanent housing assistance is available to pay for last month's rent and security deposits when these payments are reasonable conditions of securing a residence.

The last month's rent portion of the payment (1) shall not exceed 80 percent of the family's maximum aid payment without special needs for a family of that size and (2) shall only be made to families that have found permanent housing costing no more than 80 percent of the family's maximum aid payment without special needs for a family of that size, in accordance with the maximum aid schedule specified in subdivision (a).

However, if the county welfare department determines that a family intends to reside with individuals who will be sharing housing costs, the county welfare department shall, in appropriate circumstances, set aside the condition specified in clause (2) of the preceding paragraph.

(C) The nonrecurring special need for permanent housing assistance is also available to cover the standard costs of deposits for utilities which are necessary for the health and safety of the family.

(D) A payment for or denial of permanent housing assistance shall be issued no later than one working day from the time that a family presents evidence of the availability of permanent housing. If an applicant family provides evidence of the availability of permanent housing before the county welfare department has established eligibility for aid under this chapter, the county welfare department shall complete the eligibility determination so that the denial of or payment for permanent housing assistance is issued within one working day from the submission of evidence of the availability of permanent housing, unless the family has failed to provide all of the verification necessary to establish eligibility for aid under this chapter.

(E) Eligibility for the temporary shelter assistance and the permanent housing assistance pursuant to this paragraph shall be limited to once every 24 months. The county welfare department shall report to the department, through a statewide homeless assistance payment indicator system, necessary data, as requested by the department, regarding all recipients of aid under this paragraph.

(F) The county welfare departments, and all other entities participating in the costs of the AFDC program, have the right in their share to any refunds resulting from payment of the permanent housing. However, if an emergency requires the family to move within the 24-month period specified in subparagraph (E), the family shall be allowed to use any refunds received from its deposits to meet the costs of moving to another residence.

(G) Payments to providers for temporary shelter and permanent housing and utilities shall be made on behalf of families requesting these payments.

(H) The daily amount for the temporary shelter special need for homeless assistance may be increased if authorized by the current year's Budget Act by specifying a different daily allowance and appropriating the funds therefor.

(I) No payment shall be made pursuant to this paragraph unless the provider of housing is a commercial establishment, shelter, or person in the business of renting properties who has a history of renting properties.

(g) The department shall establish rules and regulations assuring the uniform application statewide of this subdivision.

(h) The department shall notify all applicants and recipients of aid through the standardized application form that these benefits are available and shall provide an opportunity for recipients to apply for the funds quickly and efficiently.

(i) Except for the purposes of Section 15200, the amounts payable to recipients pursuant to Section 11453.1 shall not constitute part of the payment schedule set forth in subdivision (a).

The amounts payable to recipients pursuant to Section 11453.1 shall not constitute income to recipients of aid under this section.

SECTION 8. Section 11450.2 of the Welfare and Institutions Code is amended, to read:

11450.2. (a) The department shall implement a system to provide for supplemental payments to needy families qualified for aid under this chapter, when, because of a change in reported financial circumstances occurring between the "budget month" and the "payment month," a family's net available income for the payment month is less than 80 percent of the amount set forth in ~~subdivisions (a) and (b) of~~ Section 11450, as adjusted ~~for cost/of/living increases~~ pursuant to Section ~~11452.~~ *11453.05* ~~except as provided in subdivision (e) of Section 11453~~. The system shall provide all of the following:

(1) Families shall be informed of the availability of supplemental payments and of the necessity that a family request the payments in order for them to be provided. This information shall be provided in writing at the time of application in the written statements of recipients' rights, and shall also be provided orally by the eligibility worker at the time of the initial interview and at each annual

redetermination. A request form shall be sent monthly to all families which have reported income.

(2) That supplemental payments shall be paid in an amount necessary to raise the family's net available income in the payment month to 80 percent of the amount set forth in ~~subdivision (a) of~~ Section 11450, as adjusted ~~for cost/of/living increases~~ pursuant to Section ~~11452,~~ *11453.05* ~~except as provided in subdivision (c) of Section 11453~~.

(3) That supplemental payments shall not be considered income when calculating the amount of the grant to be paid in future months.

(4) That supplemental payments or written notice of action shall be issued within seven working days of a request. Payments shall only be issued for those months in which a request has been made and a family is eligible for the supplement. A request shall be made in the month for which the supplemental payment is requested.

(5) That no supplemental payment shall be made to any family, if, under the federal Aid to Families with Dependent Children program, the payments would be counted as income, regardless of the source of the funding for the aid payment of the family.

(6) That no overpayment or underpayment shall be determined for a supplemental payment which was correctly computed based on the family's reasonable estimate of the income and other circumstances for the payment month. A family shall not be eligible for more than one supplemental payment per month.

(b) For purposes of this section:

(1) "Budget month" and "payment month" shall be consistent with the use of these terms in Section 11450.5.

(2) "Net available income" means the sum of the following:

(A) Total net nonexempt income in the payment month without deduction of either the thirty dollars ($30) plus one-third of earned income or the thirty dollars ($30) disregard deductions.

(B) Any child or spousal support received by the family pursuant to Section 602(a)(8)(A)(vi) of Title 42 of the United States Code and as that statute may hereafter be amended.

(C) The grant for the payment month before overpayment adjustments.

(3) "Needy family" means a family aided pursuant to this chapter. This includes a family that is in a single month of suspension resulting from the receipt of income.

(4) "Grant" means the amount of aid paid to the needy family pursuant to ~~subdivision (a) of~~ Section 11450, but does not include any amounts paid pursuant to subdivision (e) of Section 11450 or Section 11453.1.

SECTION 9. Section 11450.7 of the Welfare and Institutions Code is added, to read:

11450.7. For the purposes of encouraging teenage parents to complete their high school education, the Cal Learn Program shall supplement or reduce aid paid pursuant to this chapter based on school attendance. Cal Learn applies only to schooling at the high school level or lower or to an equivalent vocational or technical training program. The Cal Learn Program shall be applied to each recipient of aid under this chapter who is under age 19 and who is a parent, including parents of unborn children. In addition to any amounts paid pursuant to Section 11450, a family shall be paid fifty dollars ($50) for each month in which the teen parent attends school with no more than four absences, of which no more than two absences can be unexcused. Notwithstanding Section 11450, the amount of aid paid to a family eligible for aid under this chapter shall be reduced by fifty dollars ($50) for each month in which the teen parent has more than two unexcused absences. The amount of aid paid pursuant to Section 11450 shall not be changed for months in which the teen parent has more than four absences but not more than two unexcused absences.

The provisions of this section shall be implemented to the extent permitted by federal law and only if federal funds are available.

Child care assistance shall be provided under the Cal Learn Program to the extent permitted by federal law and only if federal funds are available.

SECTION 10. Section 11453 of the Welfare and Institutions Code is amended to read:

11453. (a) Except as provided in subdivision (c), the amounts set forth in Section 11452 ~~and subdivision (a) of Section 11450~~ shall be adjusted annually by the department to reflect any increases or decreases in the cost of living. These adjustments shall become effective July 1 of each year. The cost-of-living adjustment shall be calculated by the Commission on State Finance based on the changes in the California Necessities Index, which as used in this section means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food	$ 3,027
Clothing (apparel and upkeep)	406
Fuel and other utilities	529
Rent, residential	4,883
Transportation	1,757
Total	$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period ending with the December preceding the year for which the cost-of-living adjustment will take effect, for each expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.

(b) The overall adjustment factor determined by the preceding computation steps shall be multiplied by the schedules established pursuant to Section 11452 ~~and subdivision (a) of Section 11450~~ as are in effect during the month of June preceding the fiscal year in which the adjustments are to occur and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules which shall be filed with the Secretary of State.

~~(c) (1) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990/91, 1991/92, 1992/93, 1993/94, 1994/95, and 1995/96 fiscal years to reflect any change in the cost of living. Elimination of the cost/of/living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.~~

~~(2)~~ *(c)* No adjustment to the minimum basic standard of adequate care set forth in Section 11452 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91 and 1991–92 fiscal years to reflect any change in the cost of living.

(d) Adjustments for subsequent fiscal years pursuant to this section shall not include any adjustments for any fiscal year in which the cost of living was suspended pursuant to subdivision (c).

SECTION 11. Section 11453.05 of the Welfare and Institutions Code is repealed.

~~11453.05. Notwithstanding any other provision of this article, on July 1 of any fiscal year for which General Fund appropriations are reduced pursuant to subdivision (c) of Section 13308 of the Government Code, the amount otherwise payable under Section 11452, subdivision (a) of Section 11450, and Section 11453 shall be reduced by an amount equal to the amount otherwise payable, multiplied by the percentage reduction in General Fund appropriations pursuant to subdivision (c) of Section 13308 of the Government Code. In no event, shall the reduction under this paragraph exceed 4 percent of the amount otherwise payable or the amount of any cost of living increase otherwise payable, whichever is less.~~

SECTION 12. Section 11453.05 of the Welfare and Institutions Code is added, to read:

11453.05. The amounts payable under Section 11450(a) shall be determined annually based on the amounts appropriated in the annual Budget Act for the Aid to Families with Dependent Children, Family Group and Unemployed Programs (AFDC-FG&U) and on projected caseload for the corresponding fiscal year, as estimated by the Department of Social Services and published by the Department of Finance. The Department of Social Services shall establish the method for calculating the amounts payable under Section 11450(a). The adjustments to Section 11450(a) shall become effective on the first day of the month following 30 days after enactment of the annual Budget Act.

SECTION 13. Section 11462 of the Welfare and Institutions Code, as amended by Chapter 610 of the Statutes of 1991, is amended to read:

11462. (a) Effective July 1, 1990, foster care providers licensed as group homes, as defined in departmental regulations, including public child care institutions, as defined in Section 11402.5, shall have rates established by classifying each group home program and applying the standardized schedule of rates. The department shall collect information from group providers beginning January 1, 1990, in order to classify each group home program.

(b) A group home program shall be initially classified, for purposes of emergency regulations, according to the level of care and services to be provided using a point system developed by the department and described in the report, "The Classification of Group Home Programs under the Standardized Schedule of Rates System," prepared by the State Department of Social Services, August 30, 1989.

(c) The rate for each rate classification level (RCL) has been determined by the department with data from the AFDC-FC Group Home Rate Classification Pilot Study. The rates effective July 1, 1990, were developed using 1985 calendar year costs and reflect adjustments to the costs for each fiscal year, starting with the 1986–87 fiscal year, by the amount of the California Necessities Index computed pursuant to the methodology described in Section 11453. The data obtained by the department using 1985 calendar year costs shall be updated and revised by January 1, 1993.

(d) As used in this section, "standardized schedule of rates" means a listing of the 14 rate classification levels, the single rate established ~~for~~ *by* each RCL, and the rate floor for each RCL.

(e) The standardized schedule of rates shall be phased in commencing July 1, 1990.

(1) In order to phase in the standardized schedule of rates, a "rate floor" has been established for each RCL.

(2) The rate floor for the 1990–91 fiscal year shall be 85 percent of the standard rate for each RCL. The rate floor shall be increased to 92.5 percent of the standard rate for the 1991–92 fiscal year for each RCL, and shall be equal to the standard rate for each RCL for the 1992–93 fiscal year and beyond.

(f) Except as specified in paragraph (1), the department shall determine the RCL for each group home program on a prospective basis, according to the level of care and services that the group home operator projects will be provided during the period of time for which the rate is being established.

(1) For a group home program for which the department established a rate effective prior to June 30, 1990, that took into account the program's historical costs, the department shall establish the rate for the 1990–91 fiscal year by determining the RCL on a retrospective basis, according to the level of care and services actually provided between July 1 and December 31, 1989, or between July 1, 1989, and March 31, 1990.

(2) Group home programs that fail to maintain at least the level of care and services associated with the RCL upon which their rate was established shall inform the department. The department shall develop regulations specifying procedures to be applied when a group home fails to maintain the level of services projected, including, but not limited to, rate reduction and recovery of overpayments.

(g) (1) The standardized schedule of rates for the 1990–91 fiscal year is:

Rate Classification Level	Point Ranges	FY 1990–91	
		Standard Rate	Rate Floor (85%)
1	Under 60	$1,183	$1,006
2	60–89	1,478	1,256
3	90–119	1,773	1,507
4	120–149	2,067	1,757
5	150–179	2,360	2,006
6	180–209	2,656	2,258
7	210–239	2,950	2,508
8	240–269	3,245	2,758
9	270–299	3,539	3,008
10	300–329	3,834	3,259
11	330–359	4,127	3,508
12	360–389	4,423	3,760
13	390–419	4,720	4,012
14	420 & Up	5,013	4,261

(2) As of July 1, 1992, group home programs which generate the requisite number of points for RCL 13 or 14, which only accept children with special treatment needs as determined through the assessment process in subdivision (b) of Section 11467 and which have as part of their program measurable performance standards developed by the county of placement, shall be classified at RCL 13 or 14.

(3) A group home program shall be classified at RCL 13 until July 1, 1992, as long as the group home program meets all of the following requirements:

(A) The group home program is providing or has proposed to provide the level of care and services necessary to generate sufficient points in the ratesetting process to be classified at RCL 13.

(B) (i) The group home provider shall agree to accept for placement into its group home program only children who have been certified by the local mental health program, except as specified in clause (iii).

(ii) The certification required by clause (i) shall indicate the child has been determined by the local mental health program to be seriously emotionally disturbed, as defined in paragraph (10), and the child needs the level of care and supervision provided in the group home program.

(iii) Any group home program that, during the 1990–91 fiscal year, provided the level of care and services necessary to generate sufficient points in the ratesetting process to be classified at RCL 13 or 14 and projected that it would provide that level of care and services in the 1990–91 and 1991–92 fiscal year rate applications, with children in placement on the date of the mental health program certification, as required by subdivision (c), shall not be required to obtain the certification of children in placement required by this subdivision.

(iv) Any child who is determined by the placing agency to need immediate emergency placement and is placed in a group home program prior to a mental health assessment and a local mental health certification as required by clause (i) shall be assessed by a licensed mental health professional within 72 hours of the emergency placement within the group home program as being seriously emotionally disturbed, as defined in paragraph (10) and in need of the level of care and supervision provided in the group home program.

(v) The group home provider shall obtain the certification as required by clauses (i) and (ii) within 30 days of the first day of placement in the group home program for each child who has been determined to need immediate emergency placement and has been assessed by a licensed mental health professional within 72 hours of the placement.

(C) (i) The local mental health program shall certify, unless the State Department of Mental Health agrees to certify, that the group home program includes provisions for mental health treatment services that meet the local mental health program's criteria, including, but not limited to, all of the following:

(I) Therapeutic milieu.

(II) Self-help skills.

(III) Behavioral interventions.

(IV) Psychosocial activities.

(V) Other therapeutic services required for the child to benefit from the program.

(ii) The certification required by clause (i) shall include assurances that the program services are available, as attested by the local mental health director.

(4) (A) The department shall set rates at RCL 13 effective the date the requirements of subparagraphs (A), (B), and (C) of paragraph (3) are met.

(B) The department shall set the rate of any group home program which met the requirements of subparagraphs (A) and (B) of paragraph (3) prior to the implementation of this section at RCL 13 effective July 1, 1991, if both of the following requirements are met:

(i) The mental health program certification required by subparagraph (C) of paragraph (3) was obtained within 90 days of the effective date of this section.

(ii) The mental health program certification required by subparagraph (C) of paragraph (3) indicates the group home program met the requirements for certification as of July 1, 1991.

(5) Notwithstanding paragraph (3), a group home program shall be classified at RCL 14 until July 1, 1992, as long as the group home program meets all of the following requirements:

(A) The group home program is providing or has proposed to provide the level of care and services necessary to generate sufficient points in the ratesetting process to be classified at RCL 14.

(B) (i) The group home provider agrees to accept for placement into its group home program only children who have been certified by the local mental health program, except as specified in clause (iii).

(ii) The certification required of clause (i) shall indicate the child has been determined by the local mental health program to be seriously emotionally disturbed, as defined in paragraph (10), and the child needs the level of care and supervision provided in the group home program.

(iii) Any group home program that, during the 1990–91 fiscal year, provided the level of care and services necessary to generate sufficient points in the ratesetting process to be classified at RCL 13 or 14 and projected that it would provide that level of care and services in the 1990–91 and 1991–92 fiscal year rate applications, with children in placement on the date of the mental health program certification, as required by subdivision (c), shall not be required to obtain the certification of children in placement required by this subdivision.

(iv) Any child who is determined by the placing agency to need immediate emergency placement and is placed in a group home program prior to a mental health assessment and a local mental health certification as required by clause (i) shall be assessed by a licensed mental health professional within 72 hours of the emergency placement within the group home program as being seriously emotionally disturbed, as defined in paragraph (10) and in need of the level of care and supervision provided in the group home program.

(v) The group home provider shall obtain the certification as required by clauses (i) and (ii) within 30 days of the first day of placement in the group home program for each child who has been determined to need immediate emergency placement and has been assessed by a licensed mental health professional within 72 hours of the placement.

(C) (i) The local mental health program shall certify, unless the State Department of Mental Health agrees to certify, that the group home program includes provisions for mental health treatment services that meet the local mental health program's criteria, including, but not limited to, all of the following:

(I) Therapeutic milieu.

(II) Self-help skills.

(III) Behavioral interventions.

(IV) Psychosocial activities.

(V) Other therapeutic services required for the child to benefit from the program.

(ii) The certification required by clause (i) shall include assurances that the program services are available, as attested by the local mental health director.

(6) (A) The department shall set rates at RCL 14, to be effective on the date the requirements of subparagraphs (A), (B), and (C) of paragraph (5) are met.

(B) The department shall set the rate of any group home program which met the requirements of subparagraphs (A) and (B) of paragraph (3) prior to the implementation of this section at RCL 14 effective July 1, 1991, if both of the following requirements are met:

(i) The mental health program certification required by subparagraph (C) of paragraph (3) was obtained within 90 days of the effective date of this section.

(ii) The mental health program certification required by subparagraph (C) of paragraph (5) indicates the group home program met the requirements for certification as of July 1, 1991.

(7) The classification of a group home program of an existing provider at RCL 13 pursuant to paragraph (3) or RCL 14 pursuant to paragraph (5) shall be considered a program change for ratesetting purposes.

(8) Any group home program that has been classified at RCL 13 pursuant to the requirements of paragraph (3) or RCL 14 pursuant to the requirements of paragraph (5) shall be reclassified at the appropriate RCL with a commensurate reduction in rate if any of the following occurs:

(A) The group home program fails to maintain the level of care and services necessary to generate the requisite number of points for RCL 13 as required by subparagraph (A) of paragraph (3) or RCL 14 as required by subparagraph (A) of paragraph (5).

(B) The group home program accepts placement of a child who has not been certified as required by subparagraph (B) or ~~(E)~~ *(C)* of paragraph (3) or subparagraph (B) or ~~(E)~~ *(C)* of paragraph (5).

(C) The group home program fails to maintain a certified mental health treatment program as required by subparagraph (C) of paragraph (3), or subparagraph (C) of paragraph (5).

(9) The effective date of a reclassification and rate reduction made pursuant to paragraph (8) shall be the date of occurrence of any one of the conditions in paragraph (8).

(10) For purposes of this subdivision, a child who is seriously emotionally disturbed means a child who meets the conditions specified in paragraph (2) of subdivision (a) of Section 5600.3 and who is subject to Section 1502.4 of the Health and Safety Code.

(11) Paragraphs (3), (4), (5), (6), (7), (8), (9), and (10) shall remain operative only until July 1, 1992.

(h) (1) For the 1990–91 fiscal year, the standardized schedule of rates shall be implemented as follows:

(A) Any group home program which received an AFDC-FC rate in the prior fiscal year below the standard rate for the fiscal year 1990–91 RCL shall receive their 1989–90 rate plus an amount equal to the California Necessities Index (CNI). The rate for the 1990–91 fiscal year at which the state will participate shall not exceed the standard rate for the RCL.

(B) If the CNI increase to the group home program's 1989–90 fiscal year rate does not raise the group home program to the rate floor for the RCL, the group home program shall receive a rate equal to the rate floor for the RCL.

(C) A group home program which received an AFDC-FC rate for the 1989–90 fiscal year at or above the standard rate for the RCL for the 1990–91 fiscal year shall continue to receive the 1989–90 fiscal year rate.

(2) For the 1992–93 fiscal year and the 1993–94 fiscal year, the standardized rate for each RCL shall be adjusted by an amount equal to CNI computed pursuant to the methodology described in Section 11453 *subject to the availability of funds*. No adjustment shall be made in the standardized rate for each RCL for the 1991–92 fiscal year.

(A) Any group home program which received an AFDC-FC rate in the prior fiscal year at or above the adjusted standard rate for ~~the~~ RCL in the current fiscal year shall continue to receive that rate.

(B) A group home program which received an AFDC-FC rate in the prior fiscal year below the standard rate for the RCL in the current fiscal year shall receive that rate adjusted by an amount equal to the CNI. The rate for the current fiscal year shall not exceed the standard rate for the RCL and shall not be less than the rate floor for the RCL.

(3) Beginning with the 1994–95 fiscal year, the standardized schedule of rates shall be adjusted annually by an amount equal to the CNI computed pursuant to Section 11453, subject to the availability of funds.

(A) Any group home program which received an AFDC-FC rate in the prior fiscal year at or above the adjusted standard rate for the RCL in the current fiscal year shall continue to receive that rate.

(B) Any group home program which received an AFDC-FC rate in the prior fiscal year below the adjusted standard rate for the RCL in the current fiscal year shall receive the adjusted RCL rate.

(i) (1) The rate for a new group home program of a new or existing provider shall be established at the rate floor for the new program's projected RCL.

(2) The department shall not establish a rate for a new program of a new or existing provider unless the provider submits a recommendation from the host county, the primary placing county, or a regional consortium of counties that the program is needed in that county; that the provider is capable of effectively and efficiently operating the program; and that the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(3) The department shall encourage the establishment of consortia of county placing agencies on a regional basis for the purpose of making decisions and recommendations about the need for, and use of, group home programs and other foster care providers within the regions.

(4) The department shall annually conduct a county-by-county survey to determine the unmet placement needs of children placed pursuant to ~~Sections~~ *Section* 300 and ~~Section~~ *Sections* 601 or 602, and shall publish its findings by November 1 of each year.

(j) The department shall develop regulations specifying ratesetting procedures for program expansions, reductions, or modifications, including increases or decreases in licensed capacity, or increases or decreases in level of care or services.

(k) General unrestricted or undesignated private charitable donations and contributions made to charitable or nonprofit organizations shall not be deducted from the cost of providing services pursuant to this section.

(*l*) The department shall, by October 1 each year, commencing October 1, 1992, provide the Joint Legislative Budget Committee with a list of any new departmental requirements established during the previous fiscal year concerning the operation of group homes, and of any unusual, industrywide increase in costs associated with the provision of group care which may have significant fiscal impact on providers of group homes care. The committee may, in fiscal year 1993–94 and beyond, use the list to determine whether an appropriation for rate adjustments is needed in the subsequent fiscal year.

(m) Following the initial implementation of the group home ratesetting system described in this section, the department, with the advice and assistance of the counties and representatives of providers of group home care, may submit to the Legislature recommendations to modify the program classification point system, number of rate classification levels, amounts that make up the standardized schedule of rates, or other components of the system. These recommendations shall be based on the department's review and evaluation of the program classification system, group home cost data collected pursuant to Section 11466.3, and information from the Group Home Program Statements and Level of Care Assessments specified in Section 11467.

(n) This section shall remain in effect only until July 1, 1995, and as of that date is repealed, unless a later enacted statute, which becomes effective on or before July 1, 1995, deletes or extends that date.

SECTION 14. Section 11477 of the Welfare and Institutions Code is repealed.

~~11477. As a condition of eligibility for aid paid under this chapter, each applicant or recipient shall:~~

~~(a) Assign to the county any rights to support from any other person such applicant may have in their own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid, and which have accrued at the time such assignment is made. Receipt of public assistance under this chapter shall operate as an assignment by operation of law. An assignment of support rights to the county shall also constitute an assignment to the state. If support rights are assigned pursuant to this subdivision, the assignee may become an assignee of record by the district attorney or other public official filing with the court clerk an affidavit showing that an assignment has been made or that there has been an assignment by operation of law. This procedure does not limit any other means by which the assignee may become an assignee of record.~~

~~(b) Cooperate with the county welfare department and district attorney in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and in obtaining any support payments due any person for whom aid is requested or obtained. The State Department of Social Services shall establish an exclusive list of acts, in accordance with federal law, which shall be the only acts deemed to be a refusal to offer reasonable cooperation and assistance. The county welfare department shall verify that the applicant or recipient refused to offer reasonable cooperation prior to determining that such applicant or recipient is ineligible. The granting of aid shall not be delayed or denied if the applicant is otherwise eligible, if the applicant completes the necessary forms and agrees to cooperate with the district attorney in securing support and determining paternity, where applicable.~~

~~A recipient shall be considered to be cooperating with the county welfare department or the district attorney's office and they shall be eligible for aid, if otherwise eligible, if they cooperate to the best of their ability or have good cause for refusal to cooperate. The department, in accordance with federal law, shall establish standards for determining good cause for refusal to cooperate. With respect to any application or any questionnaire relating to any application, no questions on paternity shall be asked in cases where paternity is not legally an issue. Persons eligible for immediate aid pursuant to Section 11056 or Section 11266 shall receive such aid prior to completing the forms required to obtain child and spousal support and establish paternity, provided that they indicate they will cooperate in these matters. Appearances at public agencies required pursuant to this section, subsequent to certification of the applicant shall be scheduled with due regard for his parental duties and employment responsibilities. If an appearance is required at a time other than normal working hours, a statement as to the reason for such appearance shall be inserted in the file of the applicant.~~

~~If the relative with whom a child is living is found to be ineligible because of failure to comply with the provisions of this section, any aid for which such child is eligible will, to the extent required by federal law, be provided in the form of protective payments.~~

~~The county welfare department shall insure that all applicants for or recipients of aid under this chapter are properly notified of the conditions imposed by this section.~~

SECTION 15. Section 11477 of the Welfare and Institutions Code is added, to read:

11477. (a) As a condition of eligibility for aid paid under this chapter, each applicant or recipient shall:

(1) Assign to the county any rights to support from any other person such applicant may have in their own behalf or in behalf of any other family member for whom the applicant is applying or receiving aid, and which have accrued at the time such assignment is made. Receipt of public assistance under this chapter shall operate as an assignment by operation of law. An assignment of support rights to the county shall also constitute an assignment to the state. If support rights are assigned pursuant to this subdivision, the assignee may become an assignee of record by the district attorney or other public official filing with the county clerk an affidavit showing that an assignment has been made or that there has been an assignment by operation of law. This procedure does not limit any other means by which the assignee may become an assignee of record.

(2) Cooperate with the county welfare department and district attorney in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and in obtaining any support payments due any person for whom aid is requested or obtained. To the extent permitted by federal law, cooperating in establishing paternity and obtaining support means:

(A) Appearing at the local welfare or district attorney's office as necessary to provide verbal or written information, or documentary evidence, known to, possessed by, or reasonably obtainable by the applicant or recipient;

(B) Appearing as a witness at judicial or other hearings or proceedings;

(C) Providing information, or attesting to the lack of information, under penalty of perjury; and

(D) Paying to the district attorney or other county agency as directed by the district attorney any support payments received from the absent parent after an assignment has been made. This includes support payments received in the current month or any past due amounts.

A recipient shall be considered to be cooperating with the county welfare department or the district attorney's office and they shall be eligible for aid, if otherwise eligible, if they cooperate to the best of their ability or have good cause for refusal to cooperate as determined in accordance with paragraph (b) below.

(b) Good cause for refusal to cooperate exists only if:

(1) The applicant's or recipient's cooperation in establishing paternity or securing support is reasonably anticipated to result in:

(A) Serious physical harm to the child for whom support is to be sought; or

(B) Serious emotional harm to the child for whom support is to be sought; or

(C) Serious physical harm to the parent or caretaker relative with whom the child is living which reduces the capacity of the parent or caretaker relative to care for the child adequately; or

(D) Serious emotional harm to the parent or caretaker relative with whom the child is living, of such nature or degree that it reduces the capacity of the parent or caretaker relative to care for the child adequately.

(2) The county believes that proceeding to establish paternity or secure support would be detrimental to the child for whom support would be sought because at least one of the following circumstances exist:

(A) The child for whom support is sought was conceived as a result of incest or forcible rape;

(B) Legal proceedings for the adoption of the child are pending before a court of competent jurisdiction; or

(C) The applicant or recipient is currently being assisted by a public or licensed private social agency to resolve the issues of whether to keep the child or relinquish him/her for adoption, and the discussions have not gone on for more than a total of 90 days. Counseling days before birth shall be counted individually. Each meeting with the counselor shall be counted as one counseling day. Days after the birth shall be counted consecutively, regardless of meeting with the counselor. The total of counseling days before the birth and consecutive days before the birth and consecutive days after the birth shall not exceed 90 days.

(c) With respect to any application or any questionnaire relating to any application, no questions on paternity shall be asked in cases where paternity is not legally an issue. Persons eligible for immediate aid pursuant to Section 11056 or Section 11266 shall receive such aid prior to completing the forms required to obtain child and spousal support and establish paternity, provided that they indicate they will cooperate in these matters. Appearances at public agencies required pursuant to this section, subsequent to certification of the applicant shall be scheduled with due regard for his parental duties and employment responsibilities. If an appearance is required at a time other than normal working hours, a statement as to the reason for such appearance shall be inserted in the file of the applicant.

(d) The county welfare department shall verify that the applicant or recipient refused to offer reasonable cooperation prior to determining that such applicant or recipient is ineligible. Where applicable, the granting of aid shall not be delayed or denied if the applicant is otherwise eligible, if the applicant completes the necessary forms and agrees to cooperate with the district attorney in securing support and determining paternity, where applicable.

(e) If the relative with whom a child is living is found to be ineligible because of failure to comply with the provisions of this section, any aid for which such child is eligible will, to the extent required by federal law, be provided in the form of protective payments.

(f) The county welfare department shall insure that all applicants for or recipients of aid under this chapter are properly notified of the conditions imposed by this section. The department shall establish regulations as necessary to carry out the provisions of this section and as required by federal law.

SECTION 16. Section 12201 of the Welfare and Institutions Code is repealed:

~~12201. (a) Except as provided in subdivision (d), the payment schedules set forth in Section 12200 shall be adjusted annually to reflect any increases or decreases in the cost of living. These adjustments shall become effective January 1 of each year. The cost/of/living adjustment shall be based on the changes in the California Necessities Index, which as used in this section shall be the weighted average of changes for food, clothing, fuel, utilities, rent, and transportation for low/income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:~~

~~(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:~~

~~Food~~	~~$ 3,027~~
~~Clothing (apparel and upkeep)~~	~~406~~
~~Fuel and other utilities~~	~~529~~
~~Rent, residential~~	~~4,883~~
~~Transportation~~	~~1,757~~
~~Total~~	~~$10,602~~

~~(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12/month period which ends twelve months prior to the January in which the cost/of/living adjustment will take effect, for each expenditure category specified in paragraph (1) within the following geographical areas: Los Angeles/Long Beach/Anaheim, San Francisco/Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.~~

~~(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).~~

~~(4) Calculate a category adjustment factor for each expenditure category in paragraph (1) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.~~

~~(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).~~

~~(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in paragraph (4) for the prior year.~~

~~(b) The overall adjustment factor determined by the preceding computational steps shall be multiplied by the payment schedules established pursuant to Section 12200 as are in effect during the month of December preceding the calendar year in which the adjustments are to occur, and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules for the categories given under subdivisions (a), (b), (c), (d), (e), (f), and (g) of Section 12200, and shall be filed with the Secretary of State. The amount as set forth in subdivision (b) of Section 12200 shall be adjusted annually pursuant to this section in the event that the secretary agrees to administer payment under that subdivision. The payment schedule for subdivision (i) of Section 12200 shall be computed as specified based on the new payment schedules for subdivisions (a), (b), (c), and (d) of Section 12200.~~

~~(c) The department shall adjust any amounts of aid under this chapter to insure that the minimum level required by the Social Security Act in order to maintain eligibility for funds under Title XIX of that act is met.~~

~~(d) (1) No adjustment shall be made under this section for the 1991, 1992, 1993, 1994, and 1995, 1996 calendar years to reflect any change in the cost of living. Elimination of the cost/of/living adjustment pursuant to this paragraph shall satisfy the requirements of Section 12201.05, and no further reduction shall be made pursuant to that section.~~

~~(2) Any cost/of/living adjustment granted under this section for any calendar year shall not include adjustments for any calendar year in which the cost of living was suspended pursuant to paragraph (1).~~

SECTION 17. Section 12303.5 of the Welfare and Institutions Code is amended to read:

12303.5. Except as provided in Sections 12303.6 and 12304, no one individual recipient shall receive services under this article, the total cost of which exceeds eight hundred twenty-nine dollars ($829) in any one month. ~~The eight hundred twenty/nine dollars ($829) maximum specified under this section shall be adjusted annually to reflect cost/of/living changes occurring subsequent to January 1, 1990, so that the first such adjustment becomes effective July 1, 1991. The cost/of/living adjustment shall be based on the changes in the California Necessities Index, which as used in this section shall be the weighted average of changes for food, clothing, fuel, utilities, rent, and transportation for low/income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:~~

~~(a) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:~~

~~Food~~	~~$1,832~~
~~Clothing (apparel and upkeep)~~	~~298~~
~~Fuel and other utilities~~	~~264~~
~~Rent, residential~~	~~2,303~~
~~Transportation~~	~~1,026~~
~~Total~~	~~$5,723~~

~~(b) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12/month period ending with the December preceding the year for which the cost/of/living adjustment will take effect, for each expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles/Long Beach/Anaheim, San Francisco/Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.~~

~~(c) Calculate a weighted percentage change for each of the expenditure categories specified in the subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).~~

~~(d) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in subdivision (b) and (2) dividing the sum by 100.~~

~~(e) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in subdivision (d).~~

~~(f) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in subdivision (d) for the current year by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.~~

~~The overall adjustment factor determined by the preceding computational steps shall be multiplied by the maximum payment in effect during the month of June preceding the fiscal year in which the adjustments are to occur, and, notwithstanding Section 11017.1, the product rounded down to the nearest dollar. The resultant amount shall constitute the new maximum payment.~~

~~(g) This section shall not be operative until July 1, 1992.~~

SECTION 18. Section 12304 of the Welfare and Institutions Code, as added by Section 7 of Chapter 96 of the Statutes of 1991, is amended to read:

12304. (a) Any aged, blind, or disabled individual who is eligible for assistance under this chapter or Chapter 4 (commencing with Section 12500) who is in

need, as determined by the county welfare department, of at least 20 hours per week of the services specified in subdivision (e), shall be eligible to receive services under this article, the total cost of which does not exceed one thousand two hundred three dollars ($1,203) per month ~~, plus adjustments reflecting cost/of/living changes subsequent to January 1, 1990, as determined under Section 12303.5, so that the first such adjustment becomes effective July 1, 1991. Increases in the maximum amount payable under this section shall not be construed to mean automatic increases in the amounts payable under this article~~.

(b) An individual who is eligible for services subject to the maximum amount specified in subdivision (a) and who is capable of handling his or her own financial and legal affairs shall be given the option of hiring and paying his or her own provider of in-home supportive services. For this purpose the individual shall be entitled to receive a monthly cash payment in advance not to exceed the maximum amount specified in subdivision (a), which is in addition to his or her grant, if any. An individual who is not capable of handling his or her own financial and legal affairs shall be entitled to receive the cash payment through his or her guardian, conservator, or protective payee.

(c) In no event shall the maximum total cost for services and advance cash payment for one individual recipient under subdivisions (a) and (b) exceed the maximum of one thousand two hundred three dollars ($1,203) per month, as adjusted pursuant to subdivision (a).

(d) The county welfare department shall inform in writing any individual who is potentially eligible for services under this section of his or her right to the services.

(e) For purposes of this section, a recipient who is eligible for services subject to the maximum amount specified in subdivision (a) is one who requires in-home supportive care of at least 20 hours per week to carry out any or all of the following:

(1) Routine bodily functions, such as bowel and bladder care and respiration assistance.

(2) Dressing, oral hygiene, and grooming.

(3) Preparation and consumption of food and meal cleanup for individuals who require assistance with the preparation and consumption of food.

(4) Moving into and out of bed, other assistance in transferring, turning in bed, and other repositioning.

(5) Bathing, routine bed baths, and washing.

(6) Ambulation and care and assistance with prostheses.

(7) Rubbing of skin to promote circulation.

(8) Paramedical services.

(9) Any other function of daily living as determined by the director.

This determination of need shall be supported by a medical report when requested and shall be prepared at the expense of the State Department of Social Services.

(f) This section shall become operative July 1, 1992.

SECTION 19. Section 17000 of the Welfare and Institutions Code is amended, to read:

17000. *(a)* Every county and every city and county shall relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives or friends, by their own means, or by state hospitals or other state or private institutions.

(b) Notwithstanding Section 10000 and subdivision (a), the level for general assistance grants or in-kind aid, if any, provided by a county or city and county for the relief and support of incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident shall be set by the Board of Supervisors in its sole discretion, taking into consideration the availability of county or city and county funds for such aid and the projected caseload, and shall not exceed the grant available to the same size family unit receiving aid pursuant to Chapter 2 (commencing with Section 11200) of Part 3.

The level of general assistance grants or in-kind aid, if any, adopted by the Board of Supervisors pursuant to this subdivision shall constitute a sufficient standard of aid for purposes of Section 17001.

SECTION 20. Section 17000.5 of the Welfare and Institutions Code is repealed.

~~17000.5. (a) The board of supervisors in any county may adopt a general assistance standard of aid that is 62 percent of a guideline that is equal to the 1991 federal official poverty line and may annually adjust that guideline in an amount equal to any adjustment provided under Chapter 2 (commencing with Section 11200) of Part 3 for establishing a maximum aid level in the county.~~

~~(b) The adoption of a standard of aid pursuant to this section shall constitute a sufficient standard of aid.~~

~~(c) Nothing in this section is intended to abrogate preexisting settlements.~~

~~(d) For purposes of this section, "federal official poverty line" means the same as it is defined in subsection (2) of Section 9902 of Title 42 of the United States Code.~~

SECTION 21. Section 17020 of the Welfare and Institutions Code is amended, to read:

17020. Any person who is eligible for aid under Chapter 2 (commencing with Section 11200) of Part 3 shall not be eligible for monthly payments provided pursuant to this part. ~~if the maximum payment standard established by a county pursuant to Section 17001 exceeds the payment level established pursuant to subdivision (a) of Section 11450.~~

SECTION 22. If any provision of this measure or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the measure which can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

SECTION 23. The Health and Welfare Agency shall obtain any approvals from the United States Department of Health and Human Services necessary to implement the provisions of this measure so as to ensure the continued compliance of the state plan for Title IV, Title XVI and Title XIX of the Social Security Act.

If any of the provisions of this measure are found to be out of conformity with the requirements of federal law, the provisions shall be implemented to the maximum extent permitted by federal law.

SECTION 24. The Legislature may amend this act, by statute passed in each house of the Legislature by rollcall vote entered in the journal, if the statute is consistent with the purposes of this act.

Proposition 166: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure amends and adds sections to the Labor Code, and adds sections to the Revenue and Taxation Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

AFFORDABLE BASIC HEALTH CARE INITIATIVE OF 1992

Section 1. This measure shall be known and may be cited as the Affordable Basic Health Care Initiative of 1992.

Section 2. It is the intent of this measure to ensure that all Californian's have access to affordable medically necessary health care by the year 2000.

Section 3. The people find and declare as follows:

(a) Over 6,000,000 people in California have no health care coverage. Approximately two-thirds of these people are employed or are dependents of employed persons. Most of these people are working at jobs where health care coverage is not provided and at wages which make it impracticable for them to purchase private health care coverage.

(b) State and local governments have provided, and must continue to provide, a health care system to serve indigent and low-income persons. It is the intent of the people that the public safety net institutions shall have sufficient revenue to remain economically viable and to provide care that is fully equal to community standards. However, because of public revenue constraints at both the state and local level, the ability of that system to meet California's need to make health care accessible to its uninsured is wholly inadequate.

(c) The lack of health care coverage for large numbers of Californians is causing the following very serious problems:

(1) Decreasing access to inpatient care, prenatal care, and outpatient care for the uninsured, and decreasing availability of emergency and trauma care for all Californians.

(2) A greater incidence of marginal to poor health, restricted activity days, birth defects and lifelong disabilities, uncontrolled diabetes and hypertension, and untreated chronic conditions.

(3) Increasingly severe financial problems among those health care providers who continue to care for persons without health coverage, potentially resulting in the closing of emergency departments, trauma centers and hospitals, and the reduction in the availability of health care professionals so as to substantially worsen the quality of health care available to the citizens of this state.

(4) Steadily increasing health care costs and health insurance premiums for the decreasing number of consumers who pay full charges for health services.

(d) The only practical way of making affordable, quality health care available to everyone in California is to maximize the availability of employer-sponsored health care coverage, strengthen the public safety net, and ensure that all parties assume responsibility for containing health care costs, including health care providers, insurers and health care plans, consumers, employers, and government. This will permit the provision of health care through a pluralistic, market-oriented health care system, strengthened by balanced incentives, roles and responsibilities among payers, providers, patients and government.

(e) The health delivery system in the State of California is on the verge of collapse as a result of the high demand for health care services, the lack of affordable health care coverage, and the increasing burden of uncompensated and undercompensated care. The remedy provided by this act is the only adequate and reasonable remedy within the limits of what the foregoing public health safety considerations permit now and into the foreseeable future.

Section 4. Chapter 0.5 (commencing with Section 2100) is added to Part 9 of Division 2 of the Labor Code, to read:

CHAPTER 0.5. AFFORDABLE BASIC HEALTH CARE ACT OF 1992

Article 1. Title

2100. This chapter shall be known and may be cited as the Affordable Basic Health Care Act of 1992.

Article 2. Definitions

2101. Unless the context requires otherwise, the definitions set forth in this article shall govern the construction and meaning of the terms and phrases used in this chapter.

2102. "Basic health care coverage" means a health plan that provides basic health care services meeting the standards set forth in this chapter.